

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3437 - SB 3520

February 18, 2010

SUMMARY OF BILL: Adds limited partnerships to the definition of “Tennessee historic property preservation or rehabilitation entity”, as it applies to Tennessee excise tax law. Changes the definition of “transient”, as it applies to the Metropolitan Government Tourist Accommodation Tax, so that any person meeting the definition has exercised occupancy for 30 continuous days; as opposed to 30 days.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$10,200
State Expenditures – Net Impact – Not Significant

Decrease Local Revenue - \$3,600
Local Expenditures – Net Impact – Not Significant

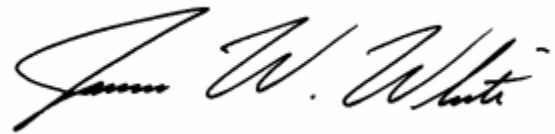
Assumptions:

- Based on information provided by the Department of Revenue, any net change to excise tax revenue as a result of this bill is considered not significant. In addition, any net change to state or local government revenue or expenditures as a result of the change to the definition of “transient” is considered not significant.
- Pursuant to Tenn. Code Ann. § 67-6-322(i), any personal property or taxable services sold, given, donated to any Tennessee historic property preservation or rehabilitation entity as defined by Tenn. Code Ann. § 67-4-2004 shall be exempt from sales tax.
- One additional historic property controlled by a limited partnership with annual sales of \$145,000 per year.
- The current state sales tax rate is seven percent.
- The average local option sales tax rate is estimated to be 2.5 percent.

- The decrease to state revenue is estimated to be \$10,200 per year ($\$145,000 \times 7.0\% = \$10,150$); the decrease to local government revenue is estimated to be \$3,600 per year ($\$145,000 \times 2.5\% = \$3,625$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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